

Despite the fact that corn was firmer last week, for a variety of reasons December corn fell to under \$2.00 a bushel. Worse yet, basis collapsed. What has happened to this market? First, weekly export inspections last week came in below averages. Corn then took a hit because of heavy fund selling. High ocean freight rates pushed prices lower and then China started selling to the Asian market. Traders then started to worry about lack of storage suggesting corn would be offloaded in the cash market. Worse yet, hedgers decided returns from hedges from the December contract were worthless and so they sold December and re-hedged using March contracts (not a bad idea as the difference is much greater than the cost of storing). That of course sent prices lower in the harvest contract. Finally, additional pressure seems to be coming from the fact that the USDA’s November Crop production report will show an increase to 11.613 billion bushels (yes – we are getting closer to 12 million bushels!) Is there any good news for corn? If you think harvest delays causing a reduction in quality/yield is good, then yes. What should one do from a marketing perspective? Take the LDP and selling the carry especially if you have decent returns from hedges placed earlier in the year. Soybeans had a mixed week last week but on Monday the funds engaged in really heavy selling tied to bearish technical indicators. Additional pressure came from great weather conditions in South America with planting in Brazil 16% completed. A sale to China gave the soybean futures a bounce on Tuesday and slow farmer sales helped basis a little bit. On Wednesday the speculators started selling again for perhaps no good reason and the lack of any fundamental news just helped the drop. On the bright side commercial buying in the November contract suggests a cash shortage. Wheat futures bounced back slightly last week picking up some of the damage caused by the big sell off two weeks ago. The bounce back was purely driven by technicals, but on Monday spillover pressure from corn and beans was too much and prices dropped. Some selling was also associated with reports of China switching its buying patterns of type of wheat. This was reflected in changes in the Chicago/Minneapolis spread. Basis improvements in the wheat market seem to suggest that shortages might appear. Hopefully the weaker dollar will help all three markets too. Wheat in particular is priced very competitively in global markets at present.

| LOCATION    | CORN BASIS   |             | SOYBEAN BASIS |            | WHEAT BASIS |            |
|-------------|--------------|-------------|---------------|------------|-------------|------------|
|             | CASH (Dec04) | NEW (Dec04) | CASH (Nov04)  | NEW(Nov04) | CASH(Dec04) | NEW(Jul05) |
| Western MD  | +5           | n/a         | -40           | n/a        | +3          | n/a        |
| Central MD  | +22          | n/a         | -22           | n/a        | -7          | -12        |
| Southern MD | -19          | n/a         | -33           | n/a        | -28         | -30        |
| Upper E. Sh | -9           | n/a         | -34           | n/a        | n/a         | -23        |
| Lower E. Sh | +3           | +3          | -24           | n/a        | -18         | -22        |

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS SERVICE

Cloudy skies coupled with periods of rain, especially in the Western part of the state, allowed for 5.1 **days suitable for field work** for the week ending October 31, 2004. **Corn** for grain harvest was 87 percent complete, up slightly from last year and the five-year average. Good progress was made for **soybean** harvest increasing 10 percent from 29 percent to 39 percent complete. **Sorghum** harvest was 84 percent complete, 2 percent above last year and well above the five-year average. Planting of **winter wheat** increased 16 percent from 54 percent to 70 percent planted and was in good to excellent condition. **Barley** was 90 percent planted and in good to excellent condition. **Pasture** was rated 26 percent excellent, 45 percent good, 20 percent fair, 7 percent poor, and 2 percent very poor. **Hay supplies** were rated 8 percent surplus, 73 percent adequate, 13 percent short, and 6 percent very short.

| CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES |                   |       |                    |       |                     |       |           |       |
|--|-------------------|-------|--------------------|-------|---------------------|-------|-----------|-------|
| Grade and Commodity  | #2 Y Shelled Corn |       | #2 Yellow Soybeans |       | #2 Red Winter Wheat |       | #3 Barley |       |
| Date   | 10/26             | 11/02 | 10/26              | 11/02 | 10/26               | 11/02 | 10/26     | 11/02 |
| Western Md   | 2.08              | 2.04  | 4.90               | 4.84  | 3.10                | 3.03  | 1.88      | 1.88  |
| Central MD   | 1.98              | 2.21  | 5.11               | 5.02  | 3.06                | 2.93  | 2.15      | 2.15  |
| Southern MD  | 1.87              | 1.80  | 5.04               | 4.91  | 2.86                | 2.72  | ----      | ----  |
| Upper E. Shore   | 1.97              | 1.90  | 5.05               | 4.90  | ----                | ----  | ----      | ----  |
| Lower E. Shore   | 2.08              | 2.02  | 5.13               | 5.00  | 2.96                | 2.82  | 1.76      | 1.76  |

| Soybean Meal     | Lower Eastern Shore |        | Dealer’s Average Cash quotes (\$/ton) |        |        |
|------------------|---------------------|--------|---------------------------------------|--------|--------|
| Date             | 10/26               | 11/02  | Date                                  | 10/26  | 11/02  |
| 48% Soybean Meal | 182.00              | 181.00 | 44% Soybean Meal                      | 170.00 | 169.00 |

| FORWARD CONTRACT PRICE-REGIONAL (\$/BU) for Harvest delivery Dealer’s Avg Quotes |                   |       |                    |       |                     |       |           |       |
|--|-------------------|-------|--------------------|-------|---------------------|-------|-----------|-------|
| Grade and Commodity  | #2 Y Shelled Corn |       | #2 Yellow Soybeans |       | #2 Red Winter Wheat |       | #3 Barley |       |
| Date   | 10/26             | 11/02 | 10/26              | 11/02 | 10/26               | 11/02 | 10/26     | 11/02 |
| Western Md   | ----              | ----  | ----               | ----  | ----                | ----  | ----      | ----  |
| Central MD   | 1.98              | ----  | 5.11               | ----  | 3.20                | 3.11  | ----      | ----  |
| Southern MD  | 1.87              | ----  | 5.04               | ---   | 3.05                | 2.93  | 1.65      | 1.65  |
| Upper E Shore  | 1.97              | ----  | 5.05               | ----  | 3.11                | 3.00  | 1.65      | 1.58  |
| Lower E Shore  | 2.08              | 2.02  | 5.13               | ----  | 3.10                | 3.01  | 1.65      | 1.68  |

| GRAIN FUTURES- Chicago Board of Trade (\$/bu) Settle - Nov 02, 2004 |        |          |        |                           |        |
|---|--------|----------|--------|---------------------------|--------|
| Corn  |        | Soybeans |        | Wheat                     |        |
| Dec   | 199.60 | Nov      | 528.00 | Dec                       | 302.20 |
| Mr05  | 211.20 | Ja05     | 525.40 | Mar05                     | 315.00 |
| May   | 218.60 | Mar      | 529.00 | May                       | 321.20 |
| Jul   | 225.40 | May      | 534.40 | Jul                       | 326.20 |
| Sep   | 233.00 | Jul      | 539.60 | Sep                       | 333.20 |
| Dec   | 241.40 | Aug      | 541.60 | Dec                       | 343.20 |
|   |        |          |        | Soybean Meal <sup>1</sup> |        |
| Dec   |        |          |        | Dec                       | 151.10 |
| Mr05  |        |          |        | Ja05                      | 152.40 |
| May   |        |          |        | Mar                       | 154.70 |
| Jul   |        |          |        | May                       | 156.90 |
| Sep   |        |          |        | Jul                       | 159.90 |
| Dec   |        |          |        | Aug                       | 161.40 |

<sup>1</sup> \$/ton

|   |   |                           |   |                        |                    |   |               |
|---|---|---------------------------|---|------------------------|--------------------|---|---------------|
| HAY AND STRAW   |   |                           |   |                        |                    |   |               |
| New Holland, PA - \$/ton - Nov 01, 2004 - 86 Loads                      |   |                           |   |                        |                    |   |               |
| Alfalfa<br>137.00-200.00  | Mixed Hay<br>87.00-225.00                                     | Timothy<br>82.00-200.00   | Orchardgrass<br>72.00-170.00  | Straw<br>160.00-260.00 |                    |   |               |
| Westminister, MD - \$/bale - Nov 01, 2004 - 132 Lots                    |   |                           |   |                        |                    |   |               |
| Alfalfa<br>1.30-4.60  | Alfalfa Mix<br>2.60-5.40                                      | Timothy<br>2.90-4.00      | Timothy Mix<br>1.80-3.90  | Grass Mix<br>1.60-4.20 | Straw<br>2.50-3.30 |   |               |
| POULTRY (Grade A) - Week Ending - Nov 06, 2004                          |   |                           |   |                        |                    |   |               |
|   | Current Week  | Week Ago                  | Month Ago   | Year Ago               |                    |   |               |
| NY Wtd Avg. (Fryers)  | 61.86   | 61.64                     | 63.26   | 58.86                  |                    |   |               |
| 12 City Composite   | 67.76   | 68.01                     | 69.92   | 64.04                  |                    |   |               |
| LAMBS - Westminister, MD - \$/cwt - Nov 02, 2004                        |   |                           |   |                        |                    |   |               |
| 40-50 lbs   | 80.00-120.00  | 100-110 lbs               | 102.50-120.00   | Sheep                  |                    |   |               |
| 60-70 lbs   | 92.50-127.50  | 120-130 lbs               | 70.00-117.50  | All weights            | 35.00-75.00        |   |               |
| 80-90 lbs   | 75.00-127.50  |                           |   |                        |                    |   |               |
| TERMINAL MARKETS HOGS - Nov 02, 2004                                    |   |                           | DIRECT MARKET HOGS - Westminister, MD - Nov 02, 2004                  |                        |                    |   |               |
| Base Price Range (\$/cwt)<br>a.m.                                       | Carcass Basis<br>Base 185 lb Hog                              | Sows (1-3)<br>300-449 lbs | Sows 38.00-41.50  |                        |                    |   |               |
| Iowa, Minn<br>Eastern Cornbelt  | 60.00-74.50<br>59.50-72.97                                    | N/A<br>N/A                |   |                        |                    | Millsboro, DE Market Hogs - (\$/cwt) - Next Sale 11/16/04 |               |
| FEEDER PIGS - (\$/cwt) -  |   |                           |   |                        |                    |   |               |
| Gumboro, DE -   |   |                           | New Holland, PA - Nov 03, 2004  |                        |                    |   |               |
| Head:   | Trend:  |                           | Head:   | Trend:                 | Mostly slaughter   |   |               |
|   | Next Sale 11/16/04  |                           |   |                        | N/A                |   |               |
| CATTLE-LIVE FUTURES-Chicago Mercantile Exchange (\$/cwt) - Nov 02, 2004 |   |                           | HOGS-LEAN FUTURES-Chicago Mercantile Exchange (\$/cwt) - Nov 02, 2004 |                        |                    |   |               |
| Nov   | 85.75   | Apr                       | 84.95   | Dec                    | 69.85              |   |               |
| Dec   | 83.75   | Jun                       | 81.33   | Feb05                  | 69.73              |   |               |
| Fb05  | 86.80   | Aug                       | 81.63   | Apr                    | 66.90              |   |               |
|   |   |                           |   | May                    | 66.55              |   |               |
|   |   |                           |   | Jun                    | 70.73              |   |               |
|   |   |                           |   | Jul                    | 66.73              |   |               |
| STOCKER-FEEDER CATTLE - (\$/cwt)  |   |                           |   |                        |                    |   |               |
| Winchester, VA - Nov 01, 2004   |   |                           | Westminister, MD - Nov 01, 2004                                       |                        |                    |   |               |
| Steers  | 200- 300 lbs  | 119.00-136.00             | Steers (M&L)  | 200-300 lbs            | 77.00-113.00       |   |               |
|   | 300- 400 lbs  | 109.50-129.00             |   | 400-500 lbs            | 80.00-118.00       |   |               |
|   | 400- 500 lbs  | 94.00-124.50              |   | 600-700 lbs            | 84.50- 88.00       |   |               |
|   | 500- 600 lbs  | 94.00-118.50              |   | 800-900 lbs            | 80.00- 82.00       |   |               |
|   | 600- 700 lbs  | 94.00-104.00              |   | Heifers (M&L)          | 200-300 lbs        | 97.00-118.00  |               |
|   | 700- 800 lbs  | 87.00- 97.00              |   |                        | 400-500 lbs        | 78.00-105.00  |               |
|   | 800- 900 lbs  | 89.00- 97.25              |   |                        | 600-700 lbs        | 69.00-83.00   |               |
|   | 900-1100 lbs  | 82.00- 83.00              |   |                        | 800-900 lbs        | 68.00-85.00   |               |
|   | Heifers   | 300- 400 lbs              |   |                        | 100.00-115.00      | Hols Bulls<br>Returned to feed                            | 80- 90 lbs    |
|   |   | 400- 500 lbs              |   | 100.00-113.75          | 95-100 lbs         |   | 112.50-167.50 |
|   |   | 500- 600 lbs              |   | 91.00-106.50           | 105-120 lbs        |   | 112.50-177.50 |
|   |   | 600- 700 lbs              |   | 94.00- 99.00           |                    |   |               |
|   |   | 700- 800 lbs              |   | 81.00- 92.00           |                    |   |               |
|   |   | 800- 900 lbs              |   | 78.00- 85.00           |                    |   |               |
|   | Lancaster, New Holland & Vintage - Week Ending - Nov 06, 2004 |                           |   |                        |                    |   |               |
| Bull, Holstein  | N/A   |                           | Plainer   | N/A                    |                    |   |               |
| Heifers, Hols   |   |                           | Plainer   |                        |                    |   |               |
| SLAUGHTER CATTLE (\$/cwt)   |   |                           |   |                        |                    |   |               |
| Westminister, MD - Nov 02, 2004   |   |                           |   |                        |                    |   |               |
| Fed Steers  |   |                           | Fed Heifers   |                        |                    |   |               |
| H-Ch  | 83.75-85.00   |                           | H-Ch  | 80.50- 83.00           |                    |   |               |
| L-Ch  | 79.75-81.00   |                           | L-Ch  | 77.00- 78.00           |                    |   |               |
| Select  | 74.00-75.50   |                           | Calves  |                        |                    |   |               |
| Old   | 58.00-63.00   |                           | Butcher Calves  | 50.00- 95.00           |                    |   |               |
| Cows  |   |                           | Jerseys   | 25.00- 50.00           |                    |   |               |
| High Dressing   | 50.00-54.00   |                           | Hols Heifer Calves  | #1                     | 435.00-480.00      |   |               |
| Breakers  | 45.00-49.00   |                           |   | #2                     | 225.00-330.00      |   |               |
| Boners  | 44.00-44.75   |                           | Beef X Heifers  |                        | 132.50-167.50      |   |               |
| Thin & Slow   | 39.00-Down  |                           |   |                        |                    |   |               |
| Lancaster, New Holland & Vintage - Week Ending - Nov 06, 2004           |   |                           |   |                        |                    |   |               |
|   | N/A   |                           |   |                        |                    |   |               |

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